

REFERENCE TITLE: tax exemption; disabled persons; widows

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1150

Introduced by
Senator Miranda

AN ACT

AMENDING SECTION 42-11111, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 42-11111, Arizona Revised Statutes, is amended to
3 read:

4 42-11111. Exemption for property of widows, widowers and
5 disabled persons

6 A. The property of widows, widowers and disabled persons who are
7 residents of this state is exempt from taxation to the extent allowed by
8 article IX, sections 2, 2.1, 2.2 and 2.3, Constitution of Arizona, and
9 subject to the conditions and limitations prescribed by this section.

10 B. Pursuant to article IX, section 2.3, Constitution of Arizona, the
11 exemptions from taxation under this section are allowed in the amount of:

12 1. ~~Three~~ FOUR thousand dollars if the person's total assessment does
13 not exceed twenty thousand dollars.

14 2. No exemption if the person's total assessment exceeds twenty
15 thousand dollars.

16 C. On or before December 31 of each year, the department shall
17 increase the following amounts based on the average annual percentage
18 increase, if any, in the GDP price deflator in the two most recent complete
19 state fiscal years:

20 1. The total allowable exemption amount and the total assessment
21 limitation amount under subsection B of this section.

22 2. The total income limitation amounts under subsection E, paragraphs
23 1 and 2 of this section.

24 For the purposes of this subsection, "GDP price deflator" means the average
25 of the four implicit price deflators for the gross domestic product reported
26 by the United States department of commerce or its successor for the four
27 quarters of the state fiscal year.

28 D. For the purpose of determining the amount of the allowable
29 exemption pursuant to subsection B of this section, the person's total
30 assessment shall not include the value of any vehicle that is taxed under
31 title 28, chapter 16, article 3.

32 E. Pursuant to article IX, section 2.3, Constitution of Arizona, to
33 qualify for this exemption, the total income from all sources of the claimant
34 and the claimant's spouse and the income from all sources of all of the
35 claimant's children who resided with the claimant in the claimant's residence
36 in the year immediately preceding the year for which the claimant applies for
37 the exemption shall not exceed:

38 1. Twenty-five thousand dollars if none of the claimant's children
39 under eighteen years of age resided with the claimant in the claimant's
40 residence.

41 2. Thirty thousand dollars if one or more of the claimant's children
42 residing with the claimant in the claimant's residence were either:

43 (a) Under eighteen years of age.

44 (b) Totally and permanently, physically or mentally disabled, as
45 certified by competent medical authority as provided by law.

1 F. For the purposes of subsection E of this section, "income from all
2 sources" means the sum of the following, but excluding the items listed in
3 subsection G of this section:

- 4 1. Adjusted gross income as defined by the department.
- 5 2. The amount of capital gains excluded from adjusted gross income.
- 6 3. Nontaxable strike benefits.
- 7 4. Nontaxable interest that is received from the federal government or
8 any of its instrumentalities.

9 5. Payments that are received from a retirement program and THAT ARE
10 paid by:

- 11 (a) This state or any of its political subdivisions.
- 12 (b) The United States through any of its agencies, instrumentalities
13 or programs, except as provided in subsection G of this section.

14 6. The gross amount of any pension or annuity that is not otherwise
15 exempted.

16 G. Notwithstanding subsection F of this section, ~~"income from all~~
17 ~~sources"~~ does not include monies received from:

- 18 1. Cash public assistance and relief.
- 19 2. Railroad retirement benefits.
- 20 3. Payments under the federal social security act (49 Stat. 620).
- 21 4. Payments under the unemployment insurance laws of this state.
- 22 5. Payments from veterans disability pensions.
- 23 6. Workers' compensation payments.
- 24 7. "Loss of time" insurance.
- 25 8. Gifts from nongovernmental sources, surplus foods or other relief
26 in-kind supplied by a governmental agency.

27 H. A widow, widower or disabled person shall initially establish
28 eligibility for exemption under this section by filing an affidavit with the
29 county assessor under section 42-11152. Thereafter, the person is not
30 required to file an affidavit under section 42-11152, but the person or the
31 person's representative shall annually calculate income from the preceding
32 year to ensure that the person still qualifies for the exemption and shall
33 notify the county assessor in writing of any event that disqualifies the
34 widow, widower or disabled person from further exemption. Regardless of
35 whether the person or representative notifies the assessor as required by
36 this subsection, the property is subject to tax as provided by law from the
37 date of disqualification, including interest, penalties and proceedings for
38 tax delinquencies. Disqualifying events include:

- 39 1. The person's death.
- 40 2. The remarriage of a widow or widower.
- 41 3. The person's income from all sources exceeding the limits
42 prescribed by subsection E of this section.
- 43 4. The conveyance of title to the property to another owner.

44 I. The exemption described by this section applies independently to:

1 1. The assessed valuation determined for secondary property tax
2 purposes from the full cash value of the property and improvements owned by
3 the individual.

4 2. The assessed valuation determined for primary property tax purposes
5 from the limited property value of the property and improvements owned by the
6 individual.

7 J. Any dollar amount of exemption that is unused in a tax year against
8 the limited property value of property and improvements owned by the
9 individual may be applied for the tax year against the value of personal
10 property subject to special property taxes including the taxes collected
11 pursuant to title 5, chapter 3, article 3 and title 28, chapter 16,
12 article 3.

13 K. An individual is not entitled to property tax exemptions in the
14 aggregate that exceed the maximum allowed to a widow, widower or disabled
15 person even if the person is eligible for an exemption in more than one
16 category.